



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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May 29, 2002

CERTIFIED RETURN RECEIPT

7099 3400 0016 8896 3809

Aaron Hancock
Interpace Industries, Inc.
736 West Harrisville Road
P.O. Box 12118
Ogden, Utah 84412

Re: **Notice of Non-Compliance and Division Directive to Suspend Mining Activities,**
Interpace Industries, Inc., Henefer Red Clay Mine, M/043/014, Summit County, Utah

Dear Mr. Hancock:

This letter is sent to formally notify you that your Henefer Red Clay Mine (M/043/014), is not in compliance with sections of the Utah Mined Land Reclamation Act 40-8-1 et. seq. (Act) and the Minerals Reclamation Program Rules, sections R647-1 through R647-5.

On May 8, 2002, the Division conducted an inspection of the Henefer Red Clay (inspection memo attached). During the inspection, it was observed that several portions of the operation were apparently not in compliance with the current Notice of Intention to Commence Small Mining operations, the Proposed Notice of Intention to Commence Large Mining Operations, the Utah Mined Land Reclamation Act, and the Minerals Rules.

Finding of Non-Compliance

1. The Henefer Red Clay Mine exceeded five acres of surface disturbance, before receiving Division approval of a Notice of Intention to Commence Large Mining Operations, as required by Title 40-8-13 of the Mined Land Reclamation Act and Minerals Rule R647-3-113.
2. Interpace Industries, Inc. has not posted a form and amount of reclamation surety acceptable to the Division as required under section 40-8-14 of the Act and Rule R647-4-113, before expanding operations beyond the 5-acre small mine disturbance threshold.
3. Interpace Industries, Inc. exceeded five acres of surface disturbance after being advised it is a violation of the Act and Rules to do so without receiving prior approval for a large mining permit from the Division.

4. Interpace Industries, Inc. expanded the disturbed area outside the proposed permit area onto lands that were not identified as part of the proposed large mining operations.

Location of Non-Compliance

The Mine is located in the Southwest 1/4 of Section 33 and the Northeast 1/4 of Section 34, Township 4 North, Range 4 East, SLBM, Summit County, Utah.

Mitigation Requirements

1. Interpace Industries, Inc. ***must submit an acceptable transitional reclamation surety*** to the Division in the amount of \$63,300.00 within thirty (30) days of your receipt of this Notice of Non-Compliance. This surety amount is based on the Division's transitional reclamation cost estimate of \$5,000 per acre, for the 12.65 acres of current disturbance which will require reclamation. Please contact Joelle Burns at (801) 538-5291 for the appropriate surety forms.
2. Interpace Industries, Inc. is hereby directed to ***immediately suspend all mining operations and removal of material*** from the Henefer Red Clay Mine until the reclamation surety is received and formally accepted in writing by the Division.
3. Within 14 days of receipt of this notice, Interpace Industries, Inc. shall submit a permit amendment/revision to the current Large Mining permit application, to include all areas disturbed outside the current proposed permit area.
4. Within 30 days of receipt of this notice, Interpace Industries, Inc. shall clearly mark the perimeter of the proposed permit area boundary with metal t-posts or other suitable markers.

Consequences of Continued Non-Compliance

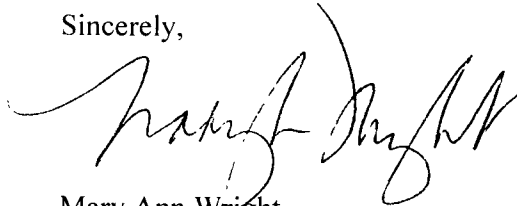
1. Interpace Industries, Inc.'s failure to comply with these mitigation requirements within the time frames specified in this Notice will result in the issuance of a formal Notice of Agency Action. The Notice of Agency Action may require you to appear at a formal hearing before the Board of Oil, Gas and Mining. Following public notice and hearing, the Board will issue an abatement or compliance Order which may require: suspension or termination of all mining operations, immediate reclamation of all mining-related disturbances, and/or other lawful requirements as authorized under the Act.

If you wish to contest this Notice of Non-Compliance, you may contact the Division to schedule an informal meeting before the Division's Associate Director. Please contact Vickie Southwick, Executive Secretary, at (801) 538-5304, within 10 days of your receipt of this notice, if

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you choose to arrange an informal meeting. If you have any questions regarding this Notice you may contact me at (801) 538-5306, Wayne Hedberg at (801) 538-5286, or Lynn Kunzler at (801) 538-5310.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright". The signature is fluid and cursive, with a large initial "M" and "A".

Mary Ann Wright,
Associate Director, Mining

jb
Attachments: Inspection Memo,
cc: Wayne Hedberg, DOGM
Vickie Southwick, DOGM
O:\M043-Summit\m0430014-heneferredclay\final\nonc-05202002.doc

Supplemental Information – Notice of Non-Compliance

Interpace Industries, Inc.
Henefer Red Clay Mine
M/043/014

On August 18, 1993 Interpace Industries submitted a Notice of Intention to Commence Small Mining Operations for the Henefer Red Clay Mine. This Notice was formally accepted by the Division on August 31, 1993. In the Division's acceptance letter, it stated, "Should you wish to expand your operations beyond the five (5) acre limitation, please notify this office as soon as possible to discuss the necessary permitting requirements." On October 26, 1999, the Division inspected the Henefer Red Clay Mine. As part of the inspection, a survey of the disturbed area was conducted using a GPS data logger. The results of the survey showed 5.28 acres of disturbance. This acreage did not include the access road, since the road was pre-existing (pre-1960), and would remain for access to the private lands and to Utah Wildlife Resources Lands after mining operations ceased. The Operator was notified via phone and copy of the inspection memo that no new disturbance would be allowed without first reclaiming a equal or greater portion, or permitting the site as a large mining operation. The Site was again inspected on June 5, 2001. There was no apparent change in the footprint of the disturbance since the October, 1999 inspection.

On January 17, 2002, the Division received Interpace Industries Annual Report for 2001. This report stated that the acreage had been increased to 6.3 acres, and stated that they would be submitting a Large Mining Notice in the near future. On February 25, 2002, the Division received the Large Mining Notice for the Henefer Red Clay Mine. The initial review comments were sent to the operator on April 16, 2002.

This Notice identified a total of 11.1 acres to be disturbed by mining operations. The 11.1 acres included 3.5 acres for the access road, but did not include 1.0 acres that has been used for clay stockpiling and loading near the county road. On May 8, 2002, the site was inspected and another GPS survey was conducted. Results of the survey show 11.65 acres at the pit area, 1.0 acres near the county road, and 4,450 feet of access road (approximately 3.5 acres), for a total disturbed area of 16.15 acres